IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PARAGO PROMOTIONAL SERVICES, INC., a Maryland corporation,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. _______________
	§	
JOHN DOES 1-100,	§	
	§	
Defendants.	§	
	§	
	§	
	§	

PLAINTIFF'S ORIGINAL COMPLAINT

COMES NOW Parago Promotional Services, Inc. ("Parago" or "Plaintiff") and presents its *Original Complaint*. Plaintiff reserves the right to replead this *Original Complaint* if new claims and issues arise upon further development of the facts, and upon discovery of the true identity of any of John Does 1-100 ("Defendants") sued herein. In support thereof, Plaintiff would respectfully show the Court the following:

I. OVERVIEW

1. Plaintiff Parago brings this lawsuit pursuant to the Computer Fraud and Abuse Act.

2. Parago is in the business of managing employee and channel incentive programs via online management platforms for its clients, including but not limited to reward points redemption websites.

3. This lawsuit arises from the unknown Defendants' unauthorized access of online reward/incentive accounts within an incentive program managed by Parago for one of its clients

(herein referred to as "Client"), and Defendants' unauthorized redemption of stolen reward points from those accounts, causing loss to Parago.

II. PARTIES

4. Plaintiff Parago Promotional Services, Inc. is a corporation organized and existing under the laws of Maryland, with its principal place of business in Lewisville, Texas.

5. Defendants John Does 1-100 are individuals whose identities are unknown to Plaintiff and whose identities could not be ascertained after diligent inquiry.

III. JURISDICTION AND VENUE

6. Jurisdiction is conferred upon this Court pursuant to 18. U.S.C. §1030(g) (the Computer Fraud and Abuse Act) and because the matters in controversy arise under the laws and rules of the United States as noted above.

7. This Court has personal jurisdiction over Defendants pursuant to Federal Rule of Civil Procedure 4(k)(2) because the claims herein arise under federal law and exercising jurisdiction is consistent with the United States Constitution and laws.

8. Furthermore, upon information and belief, Defendants are individuals with personal knowledge of Client's ongoing operations. Client is a resident of the State of Texas and of this District. Therefore, upon information and belief, Defendants are residents of the State of Texas and this District, and this Court has personal jurisdiction over Defendants.

9. The claims asserted by Parago against the Defendants in this action arise upon information and belief from acts and omissions occurring primarily in this District. Additionally, many of the resulting injuries suffered by Parago occurred in this District and elsewhere in Texas. As a result, venue is proper in this Court under 28 U.S.C. §1391.

IV. FACTUAL BACKGROUND

10. Parago offers management and hosting services for points-based incentive, loyalty, and recognition programs that entities may offer for their employees, sales teams, and channel partners. Parago's services include creation of a specialized redemption website catalog platform on which points accumulated in such programs can be redeemed for reward options, including goods, gift cards, and gift codes.

11. Parago hosts and manages an online incentive program (the "Program") for resellers of Client's product. Under the Program, Client's resellers earn points through the purchase and resale of Client's product. Points automatically accumulate in the reseller's account in the Program, and the reseller can redeem the points for rewards such as goods, gift cards, or gift codes.

12. The Program reward website for Client's resellers was launched in September 2011. Defendants' fraudulent redemptions of reseller's reward points began to occur as of November 2011.

13. Over the course of a few months, Defendants fraudulently accessed hundreds of resellers' accounts and redeemed the reward points which had accumulated to those accounts. Using the resellers' points, Defendants fraudulently obtained goods, gift cards, and gift codes, including thousands of dollars in Amazon gift codes.

14. Upon information and belief, Defendants conspired together to accomplish the wrongful acts described herein.

15. Parago discovered Defendants' fraudulent transactions on or about April 2012. As a result of Defendants' wrongful actions, Parago suffered loss of revenue and incurred costs in responding to Defendants' fraudulent transactions, including but not limited to conducting a

damage assessment, restoring data, and reconfiguring the Program to prevent further fraudulent transactions by Defendants.

16. Through the foregoing acts, Defendants used a computer or computers to create multiple dishonest misrepresentations of fact to induce suppliers to the Program, such as Amazon, to take actions which have caused Parago loss. Defendants are therefore liable to Plaintiff under 18 U.S.C. §1030.

V. CAUSES OF ACTION

1. Violation of 18 U.S.C. § 1030(a)(4): Computer Fraud

2. Violation of 18 U.S.C. § 1030(b): Conspiracy to Commit Computer Fraud

17. Parago incorporates by reference the allegations set forth in paragraphs 1 through 16, as if fully set forth herein.

18. Defendants knowingly and with intent to defraud, accessed one or more protected computers without authorization.

19. By means of such conduct, Defendants furthered their intended fraud and obtained things of value in excess of $5000.00, including but not limited to goods, gift cards, and gift codes.

20. In addition to acting individually, Defendants acted in concert and conspired together to accomplish the wrongful acts described herein.

21. The value of the items Defendants fraudulently obtained is in excess of $5,000.00. Defendants' fraudulent actions to obtain these items occurred within the course of one year.

22. As a result of Defendants' wrongful conduct, Parago has suffered losses both in the value of the fraudulently obtained items, and in the value of Parago's efforts in responding to Defendants' wrongful conduct, including but not limited to conducting a damage assessment,

restoring data, and reconfiguring the Program to prevent Defendants' continued fraud against Parago. Therefore, in addition to the value of the fraudulently obtained items, Parago is also entitled to recover fair compensation for the time and money properly expended in pursuing recovery of its losses incurred as a result of Defendants' conduct in violation of 18 U.S.C. §1030.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff Parago prays this Court enter judgment on all counts awarding Plaintiff the following relief against Defendants:

1. Compensatory damages in an amount to be determined, but in excess of $5,000.00, exclusive of interest and costs;

2. Recoupment of Defendants' unjust enrichment, including any gains, profits, and advantages derived by Defendants from their wrongful acts and omissions and the establishment of a constructive trust over all such gains, profits, and advantages, for the benefit of Parago;

3. An accounting by each Defendant for any profits arising from the foregoing acts of conversion and theft;

4. Costs of suit;

5. Pre- and post-judgment interest as allowed by law;

6. Reasonable attorney's fees; and

7. Such other and further relief to which Parago may be justly entitled.

Respectfully submitted,

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